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**No. 14711**

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**UNITED STATES COURT OF APPEALS**  
**FOR THE NINTH CIRCUIT.**

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THE COLEMAN COMPANY, INC., a Corporation,  
*Appellant,*

vs.

HOLLY MANUFACTURING COMPANY, a Corporation,  
*Appellee.*

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**REPLY TO APPELLEE'S BRIEF OPPOSING**  
**APPELLANT'S MOTION TO REMAND AND**  
**PETITION FOR REHEARING.**

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## TOPICAL INDEX

I. Appellee's Brief in Opposition Does Not Even Mention, Much Less Attempt to Answer, All Important Point III of the Petition for Rehearing .....	1
II. The Affidavits of Counsel for Appellant Establish Diligence in Presenting the Motion to Remand for Further Trial .....	8
III. The Darby Patent Seriously Threatens Validity of Appellee's Patent .....	10
IV. Appellant's Heaters and Economizers Are Not Integrated Units .....	10
Conclusion .....	12
Certificate of Counsel .....	13

## INDEX TO AUTHORITIES

Bates v. Coe, 98 U. S. 31, 25 L. ed. 68 .....	10, 12
Marconi Wireless Telegraph Company of America v. United States, 320 U. S. 1, 87 L. ed. 1731, 63 S. Ct. 1393	8
Zachos v. Sherwin-Williams Co., 166 Fed. 2d 79, at 80, C. C. A. 5 .....	10



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I.

**Appellee's Brief in Opposition Does Not Even Mention,  
Much Less Attempt to Answer, All Important  
Point III of the Petition for Rehearing.**

Appellee's brief in opposition to appellant's Motion to Remand and Petition for Rehearing is electrifying—not for what it says (which will be refuted hereinafter), but for what it pointedly fails to mention.

The crux of this litigation is now and has always been the supposedly unique feature of appellee's patent: *that the air utilized by its economizer originates from the space*

*surrounding its lower heater.* The principal portion of our Petition for Rehearing (Point III, pages 25-33) is devoted to defining this inescapable issue and to demonstrating that never has anyone attempted to explain, much less to establish, how or why air *from this particular source* is one whit more or less efficacious or produces any different result in an economizer than air from any other available source (such as air drawn into the bottom of the economizer *from the room*, or air into the top of the economizer via a grille and sucked down and out into the room through the economizer's lower grille by means of a fan, e. g.). Yet in its opposing brief, appellee makes no mention whatever of this crucial problem. And although appellee manifestly concedes (since it cannot and does not deny) the argument set forth in Point III of our Petition for Rehearing, yet, at pages 14-15 of its brief in opposition, it again evades any attempt to specify how or in what manner *the use of this particular air* can or does cause a new, different, or unique result in the efficiency of its heater-economizer unit. Instead, it merely quotes from the District Court's general finding that:

“ . . . the combination of elements described and claimed in the patent in suit cooperate to permit the thermal in-put of wall heaters to be increased without bringing about excessive wall temperatures at any point in the wall from floor to ceiling, and without reducing thermal efficiency of the wall heaters; and that the invention of the patent in suit has simultaneously solved the hot wall problem from floor to ceiling, increased thermal efficiency while permitting increased heat in-put, improved air circulation within the room,

minimized heat loss due to warm air being sucked out of the room into the flue through the draft hood, and has rendered this heat loss substantially independent of flue height.” (Br. in Opposition, p. 14; our emphasis)

Does this purport to explain how the above-averred *results* are in any degree or respect *caused by or attributable* to the fact that appellee’s economizer employs air *originating from the space surrounding its lower heater*? This broad finding insists that appellee’s heater-economizer achieves the above-described *results*, or, more accurately, that “the combination of elements described and claimed in the patent” do so. But the issue in this appeal is not whether some vague “*combination of elements*” produces certain effects, nor whether appellee’s *heater-economizer* brings about those results. Instead, the issue is whether appellee’s heater-economizer achieves these results *by reason of the fact that the air utilized in its economizer originates from the air space surrounding its lower heater*, and, if an affirmative answer to this determinative question is to be given, *the A & P decision requires the Court to point out wherein that particular air may be held in any degree responsible for the heater-economizer’s efficiency.*

It must be constantly borne in mind that appellant’s *lower heater* is itself ancient art not contended to infringe. See, for example, the testimony of appellee’s own John Hollingsworth:

“Q. Mr. Hollingsworth, before any invention of yours there were space wall heaters similar to these that we have discussed, the defendant’s and the plain-

tiff's, that had radiators substantially similar to the lower radiator?

"A. Yes.

"Q. They had burners in substantially the same way, did they not?

"A. Yes. The whole first box assembly is quite similar to those that have been in use for quite some time.

"Q. Long before any alleged invention of yours?

"A. Oh, yes. We built them ourselves long before that.

"Q. They had the draft hood, they had the outer box, the burner, the radiator, the baffle in the back of the radiator between the back of the box and the radiator?

"A. Yes, in substantially the same configuration that is on these." (R. 159-160)

It must also be borne in mind that the alleged infringement by appellant is *not* the combining of an upper economizer with the old lower heating unit. Appellee has at all times conceded — as pointed out in Point III of our Petition for Rehearing, to which appellant has failed to respond — that appellant may freely manufacture and sell lower wall heaters combined with upper economizers *if, and so long as, appellant's upper economizers draw the air they utilize from any source other than the space surrounding the lower wall heater.*

See, for example, the testimony of appellant's Jack Kice on page 358 of the instant Record:

"The Court: Now, with respect to the Holly, where do you say the air comes from that is emitted from the upper grille [i. e., from the 'economizer']?



"The Witness: The Holly unit depends on its air supply from the opening near the floor; and is dependent on a channel being provided by the carpenter or the plasterer between the lower portion and the stud space.

"The Court: In other words, it is your understanding that all the air which is emitted from the upper grille must come from the space between the studs and the heater [lower wall heater, i. e.], exterior of the heater box?

"The Witness: That is my understanding exactly. And it is the way I read their patent. I don't believe there is anything else.

"The Court: None of it can come from the so-called lower box proper, the interior of the lower box?

"The Witness: No, Your Honor. The air supply for the secondary heat exchanger ['economizer'] must come from the space outside the lower box, between it and the stud space."

This is unarguably correct inasmuch as the only litigated controversy on the "infringement" issue was whether appellant's economizer did or did not utilize any appreciable amount of air *originating from the space surrounding its lower wall heater*. See, in this connection, appellee's precise admission of this at page 45 of its original brief to this Court:

"It should be pointed out that the only possible difference between the parties on the issue of infringement is whether the Coleman economizer is 'adapted to receive air flowing upward outside the first box and inside the wall' as claimed in the patent in suit."

In fact, this point is expressly recognized and conceded by Findings 24, 25, and 26 (R. 25-26) of the trial court itself.

Therefore, undeniably appellee has never claimed and cannot now contend that the "unit" integration of its heater and economizer supplies any basis for its patent. *Coleman is free to construct and sell a one-unit heater-economizer without infringement if the economizer receives its air from the room instead of from the stud space surrounding the heater portion of such unit.* Consequently, whether or not appellee's heater-economizer is a compact unit manifestly has no bearing whatsoever upon the controlling issue involved: the source and alleged peculiar efficacy of the air utilized in its economizer.

All of which returns us inevitably to the inexorable truth that if appellee's heater-economizer is patentable, this is true solely (a) because the air utilized in its economizer comes from the stud space surrounding the lower wall heater, and (b) because this particular air has some unique quality which is possessed by air obtainable from no other source, which enables appellee's economizer to achieve unusual results. The fact, if it be a fact, that appellee's heater-economizer functions and performs in an amazingly unique and efficient manner, and accomplishes all results described in the above quoted finding of the trial court, is utterly immaterial unless the cause of such performance is the particular source of the air its economizer utilizes. By the same token, it was and is incumbent upon appellee to demonstrate — and, under the A & P decision, for the trial court and for this Court to find and

specify — how and why air from that special source is any different from any other available air, and how and why such air affords a unique and amazing “fuel” for appellee’s economizer.

In fine, appellee itself admits that its sole and only unique or patentable feature is the type of air it utilizes in its economizer (albeit we flatly deny that for “economizer” purposes this air is in any respect or degree better or more efficient than general room air — see discussion at pages 32-33 of our Petition for Rehearing). Nevertheless, nowhere in its patent claims or in its original brief to this Court has appellee ever attempted to explain how such air can cause any different result than any other air. And although we devoted an entire section (III) of our Petition for Rehearing to clarifying this precise issue, and demonstrating that the instant record cannot therefore possibly sustain a finding of patent validity, appellee, in its Brief in Opposition, has not even attempted to answer this devitalizing (to appellee’s suit) question regarding the allegedly peculiar virtues of air from this specific source.

In this same connection, the trial court of course was unable to and did not specify how or why the working effects of appellee’s heater-economizer *may be attributed to the source of the air employed in its economizer, or how or why utilization of that particular type of air can or does produce any unusual results in appellee’s unit.* Nor, of course, has this Court in its opinion attempted to formulate any answer to this determinative question — inasmuch as there is neither patent claim, pleading, evidence,

or argument in appellee's briefs, upon which an answer thereto may be predicated. It follows that the basic requirements of the A & P case are not satisfied by the present opinion.

Regardless, therefore, of any of the other issues raised by the Motion to Remand and Petition for Rehearing, we submit the trial court's judgment is palpably erroneous and must be reversed.

In view of the foregoing, which must completely terminate this litigation, we see no occasion for extensive discussion herein of the remaining issues appellee *does* discuss in its Brief in Opposition. Nevertheless, we wish to make the following succinct reply thereto:

## II.

### **The Affidavits of Counsel for Appellant Establish Diligence in Presenting the Motion to Remand for Further Trial.**

In Point I of its Brief in Opposition (pages 3-5), appellee contends appellant's counsel are guilty of laches in presenting the Darby patent to this Court for its consideration, relying primarily upon two early district court decisions which are plainly contrary to the holding and spirit of *Marconi Wireless Telegraph Company of America v. United States*, 320 U. S. 1, 87 L. ed. 1731, 63 S. Ct. 1393. Moreover, appellee presents its argument as though this issue concerned only the private litigants herein, and completely ignores the compelling public interests involved (with regard to which, see Point II, especially at pages 7-9, of our Motion to Remand).

In any event, we submit the affidavits filed herein clearly demonstrate diligence, and supply no basis whatever for the imputation of laches to appellant. Said affidavits demonstrate that Mr. Lyon, counsel for appellant who has been in charge of the trial, the selection and production of evidence, and argument and briefing before both the District Court and this Court of Appeals, had no advance knowledge of the existence of the prior British patent upon which appellant now relies. The only person who had any knowledge of this patent was a new employee of Horace Dawson. This employee discovered the Darby patent in January, 1956, more than a month after the cause had been submitted to this Court for determination. The existence of this patent was not drawn to Mr. Dawson's attention until after the decision of this Court on April 10, 1956. Immediately thereupon this patent was brought to the attention of Mr. Lyon, and counsel for appellee were immediately notified of the existence of the British patent. The Motion to Remand was prepared and filed as soon thereafter as possible. The only person charged with the conduct of this litigation was without knowledge of this British patent and had no reason to suspect that it existed. The affidavits show that the searches made were conducted in the ordinary manner used to discover the prior art. These searches failed to disclose this British patent. This British patent was found in the private files of one of the examiners in the patent office where appellant had no reason to believe such a document would be filed. It is believed that this is a clear showing of diligence on the part of counsel in charge of this litigation in adducing all pertinent evidence. The

doctrine set forth in *Zachos v. Sherwin-Williams Co.*, 166 Fed. 2d 79, at 80, C. C. A. 5, should be followed and this cause remanded for further findings and decision after hearing the evidence as to this prior British patent.

### III.

#### **The Darby Patent Seriously Threatens Validity of Appellee's Patent.**

In Point I of our Motion to Remand for Further Trial (pages 2-7) we pointed out wherein the Darby patent constitutes a serious threat to validity of appellee's patent assuming, for purposes of argument, that the "unitary" nature of appellee's heater-economizer could conceivably supply any basis for its patent. With respect to appellee's answer thereto (Point II, pages 6-10), we submit appellee's own extended argument demonstrates the seriousness of the factual issue posed by the Darby patent which warrants the remand for further trial requested by appellant.

### IV.

#### **Appellant's Heaters and Economizers Are Not Integrated Units.**

In Point I, at pages 16-21, of our Petition for Rehearing, we pointed out that *Bates v. Coe*, 98 U. S. 31, 25 L. ed. 68, does not support the present opinion herein, but, on the contrary, compels the opposite result, inasmuch as the Coleman lower heaters and the Coleman economizers are not manufactured and sold exclusively for *unit* installation, and are not "incapable of division or separate use".

In response thereto, appellee accuses us of making an incorrect assertion "plainly contrary to the record" (p.



12), and insists the record establishes the Coleman heaters and the Coleman economizer "must be installed together as a unit" (p. 13). In support, appellee quotes Mr. Hollingsworth and Mr. Frederick W. Lyon, both quotations, however, having reference to the *Holly* heater-economizer. Also, appellee refers generally to a number of instances in which Mr. Jack Kice used the word "unit" loosely to describe whatever device (whether lower heater, upper economizer, or both units together) about which he was testifying. The specific quotation from R. 301 of Mr. Kice that,

". . . we both make our own ventilated flue stacks [i. e., 'economizers'] and have approval by A. G. A. as a unit [i. e., of this economizer or 'unit'] to be sold with the heater itself",

clearly means, merely, that A. G. A. has approved the sales of Coleman's economizers for installation with its wall heaters.

Without, however, desiring to enter into extended argument regarding isolated bits of testimony, we insist the record clearly establishes that while *Holly* manufactures and sells no heaters except in connection with economizers, Coleman does manufacture a number of wall heaters which can be and are frequently installed *without any economizer*; also, that its economizer, separately manufactured and sold, *may be installed with or omitted from these heaters*. While it is true that Coleman has not sought or obtained A. G. A. approval of its Model 64, 67, 68, or 69 wall heaters except in conjunction with its separate economizer, the fact remains that Coleman does manufacture other wall heaters which can be installed *with or without the Coleman econo-*

*mizer* — and that, therefore, as pointed out in our Petition for Rehearing, the Coleman economizer is a separate unit, offered for sale as such independently of such wall heaters, and *not* “incapable of division or separate use” per *Bates v. Coe, supra*.

As plainly refuting appellee’s contention that the Coleman economizer *must* be installed with every Coleman wall heater “as a unit”, see plaintiff’s own Exhibit 27, R. 803, containing the instructions for installing Coleman’s heat economizer:

“The heat economizer is designed for installation on Coleman Wall Heaters, Models 64, 65, 66, 67, 68 and 69 . . . This heat economizer must be used in the wall above the heater on Models 64, 67, 68 and 69.”

This makes it unmistakably clear that the Coleman economizer must be installed with Coleman Heaters Models 64, 67, 68, and 69, but that, while it is also adopted for and *may* be used with Models 65 and 66, the latter two models may be installed *with or without the economizer*. By the same token, the argument advanced in Section I of our Petition for Rehearing is fully supported by the record.

### CONCLUSION.

For the reasons and upon the authorities submitted herein and in the Motion to Remand and Petition for Rehearing, we submit appellant should be accorded the relief prayed for in said motion and petition. We further submit that appellee’s failure to respond to Point III of the Petition for Rehearing, and its manifest inability to explain



even generally, much less specifically as required by the A & P decision, why or how the air utilized in its economizer is better than or different from air available from other sources, or wherein this air enables its heater-economizer to perform any unique function, compels a reversal of the judgment below.

Respectfully submitted,

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### **CERTIFICATE OF COUNSEL.**

The undersigned, one of the attorneys for defendant-appellant in the captioned case, hereby certifies that on May 24, 1956, he served three copies of the foregoing Reply to Appellee's Brief Opposing Appellant's Motion to Remand and Petition for Rehearing upon James B. Christie, Esq.,

and Richard B. Hoegh, Esq., attorneys of record for plaintiff-appellee herein, by depositing the same in the United States mails in a sealed envelope, with sufficient prepaid postage attached, properly addressed to said attorneys at 595 East Colorado Street, Pasadena 1, California.

JOHN F. EBERHARDT.